



## THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: July 9, 2004

REPORT NO. 04-153

ATTENTION: Public Safety and Neighborhood Services Committee  
Agenda of July 14, 2004

SUBJECT: Extension of Emergency Medical Services (EMS) Agreements

### SUMMARY

Issues - 1) Should the Public Safety and Neighborhood Services Committee approve the continuation of paramedic services provided by San Diego Medical Services Enterprise, L.L.C. by approving extensions to the current Emergency Medical Services agreements?

2) Should the Public Safety and Neighborhood Services Committee direct the City Manager to negotiate extensions to the Emergency Medical Services agreements associated with the provision of paramedic services?

Manager's Recommendation - Approve the continuation of paramedic services provided by San Diego Medical Services Enterprise, L.L.C. by approving extensions to the current Emergency Medical Services agreements. Direct the City Manager to negotiate extensions to the Emergency Medical Services agreements associated with the provision of paramedic services.

Physicians Oversight Board Recommendation – Extend the Emergency Medical Services agreements to continue services currently provided by San Diego Medical Services Enterprise, L.L.C.

Emergency Medical Services Oversight Board Recommendation – Extend the Emergency Medical Services agreements to continue services currently provided by San Diego Medical Services Enterprise, L.L.C.

Fiscal Impact – None with this action. The fiscal impacts of the agreement extensions will be determined during the negotiation process. The City Manager will return to the

Public Safety and Neighborhood Services Committee with the fiscal impact when the agreement extensions are returned for approval.

## BACKGROUND

In 1996, the City Council directed the redesign of the City's Emergency Medical Services (EMS) System. The direction of the City Council was to design an EMS system which had three guiding principles: 1) maintain appropriate clinical quality, 2) deliver services in a cost-effective manner, and 3) to assure that the changes recommended were implementable. This redesign project resulted in a system which was configured to provide optimal EMS service to citizens while establishing fiscal viability. The EMS system design envisioned paramedic first responder fire engines and ambulances staffed with one paramedic and one emergency medical technician (EMT) working together to provide rapid service delivery, and a tiered dispatch system to maximize resources while partnering with managed care organizations.

The City of San Diego conducted a procurement process and awarded the medical transportation component to a bid submitted jointly by the San Diego Fire-Rescue Department and Rural/Metro Corporation. San Diego Medical Services Enterprise (SDMSE), a limited liability company was created between the City of San Diego and Rural/Metro of San Diego, Inc. There are four specific components of the EMS system now in place: 1) the dispatch center where 9-1-1 calls are received and dispatch occurs; 2) the EMS medical transportation component provided by SDMSE through four paramedic agreements (LLC Agreement, EMS Agreement, City Agreement and Rural Agreement); 3) the paramedic first responder component provided by San Diego Fire-Rescue engines, and 4) the medical oversight component through the agreement with the University of California, San Diego (UCSD) Medical Center for medical direction and oversight provided by Dr. James V. Dunford.

The regulatory oversight of paramedic services throughout the County of San Diego is the responsibility of the County of San Diego, EMS Division. The County grants authority to the City to provide EMT-Paramedic services within the boundaries of the City through an agreement between the City and County of San Diego. The City/County EMS Agreement mandates the appointment of an individual to serve as liaison between the various agencies operating within the service area and to provide independent oversight of the EMS system. The administration and oversight of the Agreements with SDMSE, SDFD and the County are the responsibility of the EMS Program Manager, who is organizationally located in Financial and Management Services.

## DISCUSSION

The current EMS Agreement term is from July 1, 2002 through June 30, 2005 and includes a provision to extend the term for three additional years to June 30, 2008. The EMS Agreement (§ 2.2) requires that "Each offer of extension shall be made to SDMSE by the City at least nine (9) months prior to the scheduled end of the term". As such, the City must notify SDMSE, no later than September 30, 2004, whether the current

agreements will be extended or, that a Request for Proposals (RFP) to re-bid the paramedic transportation system will be issued. If the decision of the Committee is to issue an RFP, California state law requires that the entire paramedic medical transport system component must be included in the competitive bid process. San Diego Fire-Rescue would retain paramedic first responders however the entire transportation, dispatch and clinical oversight portions would be included in the RFP.

Should the Committee decide to extend the current contract for three more years, the City Manager will notify SDMSE immediately and begin negotiations regarding the terms of the contract. The City Manager will return to PS&NS no later than September 30, 2004 with the negotiated contract terms.

The initial term of the EMS agreements was five years, commencing on July 1, 1997 and terminating on June 30, 2002. The original agreements provided for two additional three year renewals. On July 1, 2002 the agreements were extended for a period of three years, terminating on June 30, 2005. Should direction be provided to negotiate extensions to the current agreements, this will be the third and final renewal through June 30, 2008. At that time, a competitive RFP process will be required.

The current EMS system has been reviewed by the EMS Oversight Board and the Physicians Oversight Board as required by the EMS Agreement (§ 2.2). The continuation of the services provided by SDMSE is recommended by both groups.

The current provider, SDMSE, a combined effort of San Diego Fire-Rescue and Rural/Metro of San Diego, Inc., is in the eighth year of operations. The service level provided by SDMSE is measured by various standards defined in the agreements. Over the life of the agreements, response times have exceeded the mandatory requirements, with Priority 1 and 2 response times of 12 minutes 90% of the time having been met 93.8% of the time, and the Priority 3 response time of 15 minutes or less 90% of the time having been met 92.0% of the time. The Priority 4 response time of 25 minutes or less 90% of the time has been met 93.5% of the time.

An increasing number of individuals within our community rely on the 9-1-1 system as their primary access point for health care. The number of patient transports has increased over 23 percent since inception of the original agreements. As such, system managers ensure the system operates at its optimal level of service.

Since 1997, SDMSE has performed more than 3,000 hours of community education. SDMSE continues to focus on ensuring the public understands how to properly access 9-1-1 emergency medical services and how the City's EMS system operates. SDMSE also teaches the community health and safety prevention techniques. These public information efforts, along with vigilant oversight of system resources have enabled SDMSE to continue to meet response times, even with an increasing number of responses.

Replacement of capital equipment, such as ambulances and defibrillators has been on schedule. Since 1997, a total of 38 ambulances have been replaced. Additionally, other capital equipment has been purchased by SDSME for the EMS System including Monitors, Gurneys, and Capnographers. In total, SDMSE has made approximately \$9.2 million in capital purchases.

The Fire Communications Center (FCC) continues to be an accredited center through the National Academy of Emergency Medical Dispatch (NAEMD). Accreditation is given to emergency medical dispatch centers that meet NAEMD's established high standard of excellence for emergency dispatch.

The EMS system contains both an extensive quality assurance and clinical oversight program. The clinical oversight committee structure is comprised of the Dispatch Oversight Committee, the Quality Improvement Committee, Education Committee and the Quality Council. These committees are responsible for identifying methods to improve the system, in addition to monitoring compliance with policies, protocols and clinical scope of practice. Through the use of state-of-the-art monitoring equipment that is carried on all responding vehicles, SDMSE ensures rapid treatment and an effective continuum of care from first response to patient transport.

In November 2003, the County of San Diego, through its EMS Division, performed an audit of the entire EMS system in San Diego. This audit, required by the regulatory oversight delegated to the County by the State EMS Authority, found that the services performed by SDMSE meet, and in many areas, exceed County requirements. This audit evaluated specific areas of measurement required by the City/County EMS Agreement. This Agreement provides authority to the City to implement the EMS paramedic service and the evaluation points encompass response times by the first responders as well as the transport ambulances, the clinical training provided, the accuracy and skills of the paramedics and EMTs and the adherence with State and Local paramedic regulations. The audit also assessed the use of data management and analysis used by SDMSE to track compliance with the contract requirements, including response times, community service, and public education as well as individual skill levels which have all been met or exceeded.

Annually, SDMSE submits a balanced budget which is reviewed and approved by the SDMSE Board of Managers. All profits generated by SDMSE's operation are split between the two partners. Since inception, SDMSE has returned a total of approximately \$4.4 million to the City. As directed by City Council, the City's share of revenues from profit distributions has been reinvested into the EMS system and has funded such items as dispatch software, an administrative staff position at the Fire Communication Center, and paramedic specialty pay.

Recently, SDMSE has faced escalating costs related to salaries and fringe benefit rates, as well as rising insurance costs. Increases in these areas have directly resulted in a reduction of profit. Profit generated during the term of the current three year agreement

is Fiscal Year 2003 - \$3,023,362, Fiscal Year 2004 - \$325,000 estimated, and Fiscal Year 2005 - \$1,273,726 estimated. The City's share is one-half of these amounts.

In accordance with the current agreements, the City provides SDMSE with an annual subsidy in the amount of \$650,000. In addition, the City pays SDMSE an amount equal to the actual losses incurred as a direct result of the April 2002 Federal Government's policy changes in Medicare reimbursement rates. To date, the City has paid SDMSE approximately \$172,602. Costs for Fiscal Year 2004 and 2005 are estimated at \$240,000 and \$356,375 respectively.

Improvements to the EMS system include the development of the "Tap Chart" system used for gathering patient care information on a hand held "Personal Digital Assistant" (PDA). As of May 2004, SDMSE generates 100% of all City of San Diego emergency patient care records via the "Tap Chart" electronic documentation system. EMS reports are downloaded via infrared technology to printers at receiving hospitals. Reports are replicated to a central server, allowing the EMS Medical Director and staff to have web-based access to over 30,000 medical records.

SDMSE utilizes an Automatic Vehicle Locator (AVL) system on all Advanced Life Support (ALS) ambulances. Beginning in March 2004, Basic Life Support (BLS) ambulances began operating with AVL. With AVL technology, SDMSE can identify the closest available resource to respond to both 9-1-1 and interfacility requests for service.

SDMSE was the first EMS agency in California to incorporate the First Watch bio-surveillance program. This software monitors the patterns of medical aid requests at the FCC. The City was recognized for this effort in the December 2003 issue of the Journal of Emergency Medical Services.

In 2002, SDMSE launched San Diego Project Heart Beat, a public access to defibrillation (PAD) program in partnership with the American Heart Association, San Diego Firefighters Local 145, Cardiac Sciences, Inc and the City of San Diego. The program received the annual award of the Center for Early Defibrillation (University of Pittsburgh) as the best urban PAD program in the nation. In addition, San Diego Project Heart Beat won the 2003 Alonzo Award from the San Diego Chamber of Commerce. More than 1,100 defibrillators have been placed via this program throughout the County of San Diego and 14 lives have been saved.

#### MANAGER'S RECOMMENDATION

SDMSE has exceeded the mandatory requirements in the current agreements for services, has provided a high level of service to citizens and has made improvements in the EMS service delivery system. Based on this performance, it is the City Manager's recommendation to extend the agreements with SDMSE. In addition, the Physicians and EMS Oversight Boards have endorsed the renewal of the current EMS agreements as a result of the quality of the service provided. The current EMS agreements require

notification of intent to extend the agreements to SDMSE no later than September 30, 2004. The following steps that must be completed to meet that deadline are as follows:

- PS&NS Committee directs the City Manager to negotiate extensions to the agreements;
- Upon completion of the negotiations, the City Manager returns to PS&NS Committee with negotiated agreements including any changes that are recommended;
- PS&NS Committee considers the City Manager's recommendations, and then if approved, moves the item to full City Council for consideration; and
- If approved, the City Manager implements the extended Agreements on July 1, 2005 to continue the EMS services provided by SDMSE.

San Diego Medical Services Enterprise, L.L.C. is a unique and successful provider of emergency medical services and medical transportation. The unique blend of public and private philosophies, combine to bring out the best of both service delivery types.

ALTERNATIVE:

1. Do not accept the recommendations and direct the City Manager to prepare a Request for Proposals (RFP) to replace San Diego Medical Services Enterprise, L.L.C. as the provider of EMS medical transportation.

Failure to renew the existing agreements will result in significant costs to the City prior to the transition to a new provider in the form of payments to purchase equipment and ambulances acquired through capital investments of SDMSE and the costs associated with an RFP process to select a new provider of EMS services.

Respectfully submitted,

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EMS Program Manager  
Emergency Medical Services Program

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Approved: Patricia T. Frazier  
Deputy City Manager  
Financial and Management Services

GOLDSMITH/DG